

Message Text

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TO SECSTATE WASHDC 2998

INFO AMCONSUL BOMBAY

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AMCONSUL MADRAS

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E.O. 11652: GDS

TAGS: PFOR, IN, US, PINT

SUBJ: INDO-US RELATIONS AND THE INDIAN DOMESTIC POLITICAL
CLIMATE

1. INTRODUCTION AND SUMMARY: WE HAVE NOTED THE PARALLEL
DEVELOPMENT OF A "RIGHTWARD" TREND IN DOMESTIC INDIAN POLITICS
AND ADMINISTRATIVE ACTIONS AND OF AN EASING OF INDIAN PRESS
AND POLITICAL ATTACKS ON THE US, AND SOME HINTS OF ACTUAL
POSITIVE INDIAN EFFORTS TOWARD THE US IN RECENT WEEKS. THE
FORMER HAS BEEN IN PROCESS SINCE THE EMERGENCY BEGAN. THE
LATTER HAS BEEN SPORADIC--LASTING DURING MOST OF SETEMBER
AND OCTOBER, AND AGAIN SINCE THE EARLY PART OF DECEMBER.
WE FIND THE PHENOMENA HELPFUL AND ENCOURAGING BUT SEE NO
REASON TO CHANGE OUR GENERAL APPROACH TOWARD THE GOI AT
THIS TIME. END SUMMARY.

2. THE CURRENT LULL IN CRITICISMS OF THE US STARTED AFTER
THE AMBASSADOR'S AND ASST. SECRETARY ATHERTON'S PROTESTS
AND CONGRESS PRESIDENT BAROOAH'S ILL-FAVORED REMARKS
DEC 5 IN PATNA, THE LAST SERIOUS VENTURE BY AN IMPORTANT
POLITICAL OR GOVERNMENT LEADER INTO THE REALM OF AMERICA-
BAITING. EVEN THE CPI'S DAILY PATRIOT HAS BEEN GENERALLY
PLACID AND THE VIRULENT BLITZ IN BOMBAY HAS LIMITED ITSELF
ONLY TO OCCASIONAL SNIPPING, USING REPORTAGE ABOUT CIA IN

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THE US PRESS AS THEIR PEG BUT WITHOUT DIRECTLY RELATING

THIS TO INDIA. THERE IS AN OCCASIONAL DEVIATION, AS WHEN THE DEPUTY MINISTER FOR FOREIGN AFFAIRS (B.P. DAS) TOLD A VIETNAMESE RECEPTION IN DELHI DEC 19 THAT INDIA FACED NEW DANGERS FROM IMPERIALIST FORCES. BUT WE ARE TOLD DAS WAS SPEAKING EXTEMPORANEOUSLY AND HIS REMARKS WERE CARRIED ONLY IN PATRIOT.

3. WE REVIEWED THE GENERAL SWING "RIGHT" IN OUR A-363 (THE EMERGENCY AND THE COMMUNIST LEFT) LAST MONTH. THE PRIME MINISTER'S CABINET SHIFTS EARLY IN THE MONTH AND THE MINOR CHANGES THIS WEEKEND ARE BEING READ AS FURTHER "EVIDENCE" OF A SWING AWAY FROM THE "LEFT" AND TOWARD THE "CENTER." THIS HAS BEGUN TO DIRECTLY TOUCH US AS WELL. SENIOR CONGRESS POLITICIANS IN CALCUTTA AND BOMBAY FOR THE FIRST TIME IN YEARS LAST WEEK TOOK THE INITIATIVE TO SEEK OUT CONGEN KORN IN CALCUTTA AND CONGEN COURTNEY IN BOMBAY TO INVITE THEM TO ATTEND LOCAL CONGRESS FUNCTIONS. THE AMBASSADOR AND OTHER EMBOFFS ARE (WE ARE TOLD) BEING SENT INVITATIONS TO ATTEND THE CHANDIGARH CONGRESS MEETING, ALONG WITH OTHER SELECTED "CLOSE FRIENDS" OF INDIA (IRAQ, EGYPT, USSR, TANZANIA, CANADA AND SOME 25 OTHERS). THE MINISTRY OF FINANCE HAS GOTTEN BACK TO ITS INITIATIVE TO TRY TO WORK OUT AMERICAN BUSINESS PROBLEMS. THE MINISTRY OF COMMERCE AND INDIAN OFFICIALS IN KEY CITIES AROUND THE COUNTRY HAVE TAKEN A POSITIVE AND HELPFUL APPROACH IN PUBLICIZING THE NEW GSP PROGRAM.

4. THIS HAS FOLLOWED A CONTINUING RIGHTWARD SWING IN INDIAN DOMESTIC ECONOMIC POLICY. LARGE "MONOPOLY HOUSES" ARE PERMITTED TO INCREASE PRODUCTION, PRICE CONTROLS ARE EITHER RATIONALIZED OR REMOVED COMPLETELY, AND LABOR IS KEPT UNDER TIGHT WRAPS. THE FACT THAT NONE OF MRS. GANDHI'S PROGRAMS HAVE PRODUCED ANY SIGNIFICANT ECONOMIC GROWTH SO FAR IS TO A LARGE EXTENT BALANCED IN PUBLIC TERMS BY THE FAVORABLE DOMESTIC PRICE SITUATION WHICH IN TURN IS PRIMARILY A PRODUCT OF THE GOOD HARVEST RATHER THAN ANY GOVERNMENTAL POLICIES.

5. TO SOME EXTENT THE CURRENT "ULL" IN CRITICISM OF THE US MAY ALSO BE RELATED TO THE SHARP DROP-OFF IN PUBLIC SECRET

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ATTENTION TO BANGLADESH AND THE SERIES OF ARMY COUPS THERE IN NOVEMBER. ALLUSIONS LAST MONTH TO EXTERNALLY INDUCED "DESTABILIZATION" FADED AS THE "CRISIS" IN DACCA LAPSED.

6. THE DOMESTIC INDIAN POLITICAL TREND AND THE GOI DECISION TO MOVE AHEAD WITH RELATIONS WITH THE US LAST SUMMER, THE SHARP DROP IN ANTI-US PROPAGANDA IN THE MONTH BEFORE CHAVAN'S OCTOBER TRIP TO WASHINGTON, AND THE PRESENT

"ULL" IN CRITICISM OF THE US ARE, IN ONE SENSE, PART OF A SINGLE PICTURE. THE TROUBLE IS THAT FLAWS KEEP APPEARING IN THE CANVAS WHICH MAKE IT DIFFICULT TO ANTICIPATE WHETHER THE NEXT MONTH OR THE NEXT QUARTER WILL HAVE THE SAME TEXTURE. MS. GANDHI COULD ALWAYS DECIDE THAT THE POLITICAL SITUATION REQUIRES AN EXTERNAL ENEMY AND LASH OUT AGAIN AT "OLD FAITHFUL"; THE BANGLADESH CRISIS COULD BLOW UP AGAIN AND RAISE NEW (AND OLD) SUSPICIONS OF EXTERNAL INVOLVEMENT BY THE WEST, THE PAKISTANIS, THE CHINESE, ETC.; INDO-US BILATERAL ISSUES COULD BECOME DIFFICULT OVER NEW (ECONOMIC EXPECTATIONS) OR OLD (PRESS CRITICISM, ARMS SUPPLIES) ISSUES. NEVERTHELESS, WE ARE BEING TOLD THAT THE GENERAL CLIMATE FOR INDO-US RELATIONS IS IMPROVING AND WILL CONTINUE TO IMPROVE. THE PM'S SECRETARY, PROF. P.N. DHAR, FOR EXAMPLE, TOLD THE AMBASSADOR DEC 11 THAT "BIG CHANGES" WERE IN PROCESS INTERNALLY INDIA AND THE USG SHOULD STAND EASY AND WAIT TO SEE WHAT THESE WERE BECAUSE WE WOULD FIND THEM FAVORABLE TO OUR GENERAL INTERESTS.

7. THE CPI REMAINS ANGRY AND PUZZLED ABOUT WHAT TO DO ABOUT THE DOMESTIC TRENDS AND THE INCREASING INDIFFERENCE OF MRS. GANDHI TO THEIR CONCERNS. ITS PROPAGANDISTS WRITE FRUSTRATED ARTICLES COMPLAINING ABOUT CONGRESS LEADERS WHO NO LONGER FEEL THE NEED TO COOPERATE WITH THE COMMUNISTS, AND WHO APPEAR UNCONVINCED ABOUT THE NEED TO KEEP TO THE "LEFT." COMMUNIST LEADERS PRIVATELY AND BITTERLY PUT THE BLAME ON "THE SON", BUT HAVE NOT YET FIGURED OUT HOW TO ATTACK SANJAY OPENLY WITHOUT RISKING THE IRE OF "THE MOTHER."

8. ALL THIS IS VERY WELL, BUT WE ARE NOT WILLING TO LEAP TO ANY LONG-TERM CONCLUSIONS ABOUT WHAT IT ALL MEANS OR ALTER OUR CAUTIOUS AND GRADUAL APPROACH TO US-INDIAN RELATIONS. OUR PRESENT POLICY SEEMS TO US TO BE SERVING

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US INTERESTS VERY WELL. THE INDIANS ARE AGAIN SEEKING US OUT TO SHOW US THAT THEY ARE FRIENDLY, AND ARE AVOIDING CRITICISM OF US. FOR OUR PART, WE ARE CONTINUING TO ADJUST OUR RESPONSES TO THE CLIMATE OF OUR RELATIONS AND TO SHOW OURSELVES AGREEABLE TO RECIPROCE THEIR DESIRES TO IMPROVE RELATIONS WITHOUT ANY SUDDEN JERKY VKR MOVEMENTS ON EITHER SIDE. THAT'S THE WAY WE SHOULD KEEP GOING. IT WILL BE INTERESTING TO SEE HOW HELPFUL THE INDIANS MAY BE IN THE FORTHCOMING ECONOMIC COMMITTEE MEETINGS FOLLOWING THE CIEC. THE MORE COOPERATIVE THEY ARE, THE MORE COOPERATIVE WE CAN BE; BUT WE CONTINUE TO WANT TO SEE THE GOODS BEFORE WE PRODUCE THE MONEY.

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